

**Hambleton District Council**

**Statement of Accounts**

**2007/2008**

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## **Leader's Foreword**

The year to 31 March 2008 has once again been very challenging for the Council. The decision by the Government to cap the Council's budget in 2005/06 meant that investment in services was put on hold whilst the Council had to review its priorities and restructure its finances. The Council now has a new Corporate Plan which sets out a challenging vision for its services over the next 4 years.

Over the last year progress has been made in those areas identified by the Council as improvement priorities:-

- Waste Management – improved recycling
- Access to Services – customer needs dealt with at the first point of contact
- Affordable Housing – improving the supply
- Planning Applications – improved processing times
- Street Cleaning – cleaner streets that are free from litter

However, the Council will not rest on its laurels.

The Council has also used its capital resources to improve services. Importantly, the year saw the extension of the kerbside recycling scheme throughout the District as well as improvements to car parks, leisure facilities, supported housing schemes for the young, industrial development and market town regeneration.

The Council continually reviews its structures to ensure that they are fit for purpose and 2007/08 was no exception to this. At Member level, the year saw a review of the Council's Overview and Scrutiny Committees as well as its Best Value Panels to realign them with the Council's priority themes. The year also saw the senior management of the Council restructured with the departmental approach to service delivery being replaced with Leadership Boards. The Boards consist of a lead member and officers from appropriate disciplines. At the same time Chief Officers became Executive Directors responsible for policy and strategy development, and the number of Heads of Service, responsible for service improvement and delivery, was reduced.

On the financial scene the Council has once again provided quality services within budget and continues to deliver on its financial strategy, the purpose of which is to maintain the long term viability of the Council's finances and ensure stability by:

- ✓ Investing in community projects as determined by the Council's priorities
- ✓ Supporting the maintenance and enhancement of service delivery

The Statement of Accounts which follows has been prepared in accordance with the relevant Codes of Practice and Guidelines issued by the Chartered Institute of Public Finance and Accountancy. They set out the full financial details of the Council's activities during 2007/08 and have been produced very promptly after the year end by the Council's officers, and in line with target dates that have been set by Government. I commend them to you.

**Councillor Arthur Barker**  
**Leader of the Council**

## Explanatory Foreword

The Council's Accounting Statements and accompanying notes are set out in the following pages numbered 22 to 54.

### 1. The Accounting Statements

The statements consist of:

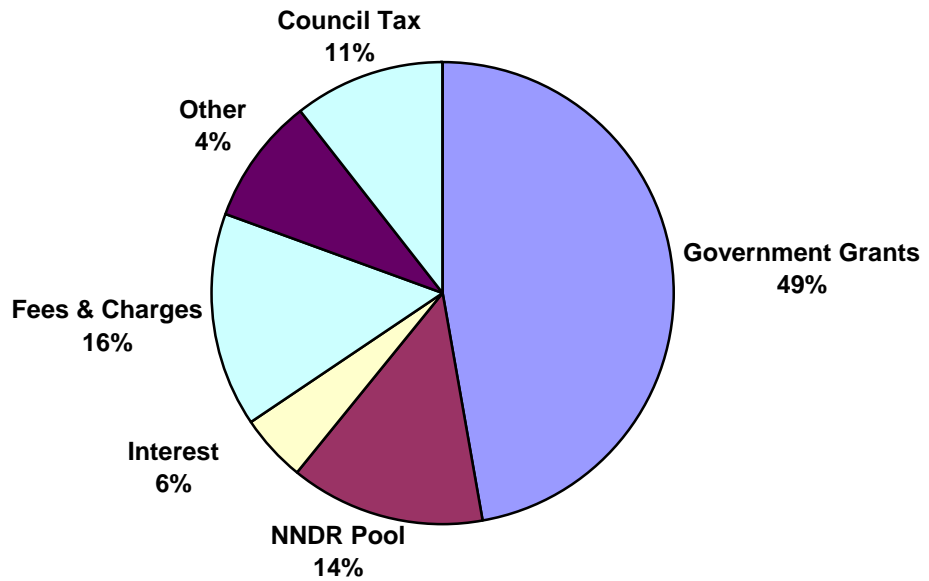
- **The Income and Expenditure Account** – the Council's main revenue account, covering expenditure and income on all services.
- **The Statement of the Movement on the General Fund Balance** – reconciles how the balance of resources generated and consumed in the year links with the statutory requirements for raising Council Tax.
- **The Total Recognised Gains and Losses Statement** - which brings together all the gains and losses of the Council during the year.
- **The Balance Sheet** – which sets out the Council's assets and liabilities.
- **The Cash Flow Statement** – which summarises the movements of the Council's funds.
- **The Collection Fund** – which summarises transactions relating to Council Tax and Business Rates.

The Statement of Accounting Policies, various notes and subsidiary accounts, which follow this Foreword, support the accounts listed above.

### 2. Summary of the Financial Year

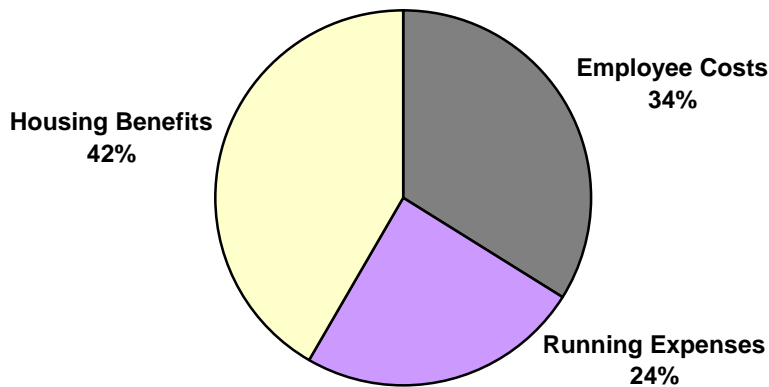
The Foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The following three charts show, in broad terms, where the Council's money comes from, what it is spent on and the cost of the services it provides.

**Where the money comes from - £32.9m**



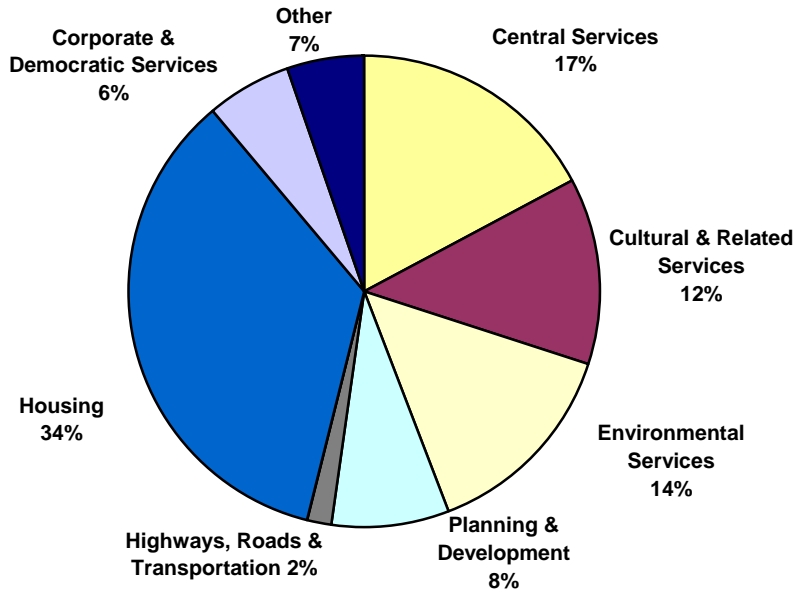
The above chart shows that approximately 49% (£15.9m) of the Council's income comes from Government grants. This includes Revenue Support Grant and Housing Benefit Grant. A further 14% (£4.7m) also comes from the Government in the form of redistributed Business Rates. 6% (£2.0m) comes from interest on balances, with a total of 20% (£6.6m) from fees and charges, and miscellaneous income from the services provided by the Council. 11% (£3.7m) comes from Council Tax.

**What the money is spent on - £32.9m**



The second chart shows 42% (£13.7m) of the Council's income is spent on Housing Benefit payments, which includes rent allowances and Council Tax Benefits. 34% (£11.2m) is spent on employee costs and 24% (£8.0m) is spent on running expenses, which include maintaining the Council's buildings, operating vehicles and purchasing various external supplies and services.

### The services provided - £32.9m



This final chart shows the gross cost of the services provided by the Council. As expected a large portion of the Council's gross expenditure 34% (£11.2m) goes on the Housing Service including rent allowances, although the majority of this is recovered through government grant (Council Tax Benefit is included in Central Services). Other Services, covers Parish Precepts, levies paid to Internal Drainage Board and expenditure on trading activities.

## Budget

The main components of the 2007/08 budget and how these compare with actual income and expenditure are set out below. The latest approved budget reflects changes made to the Council's budget during the financial year.

	Latest Approved Budget £	Actual £	Difference £
Net Cost of Services	11,626,860	10,294,974	(1,331,886)
Add: Precepts and Levies			
- Parish Precepts	896,417	896,417	-
- Internal Drainage Boards	57,690	57,690	-
Add: Loss on Trading Activities	(15,300)	8,058	23,358
Reversal of Depreciation Charges	(1,634,650)	(1,502,124)	132,526
Capital Grants Applied to Capital Expenditure	-	1,329,748	1,329,748
Investment Interest - receivable	(1,879,540)	(1,978,281)	(98,741)
- payable	14,870	23,971	9,101
Add: Pension Interest Cost and Expected Return on Pension Assets	-	133,000	133,000
<b>Net Operating Expenditure</b>	<b>9,066,347</b>	<b>9,263,453</b>	<b>197,106</b>
Transfers to/(from) Reserves			
- Revenue	376,365	708,722	332,357
- Pensions	-	(530,958)	(530,958)
- Financial Interest Adjustment	-	1,495	1,495
<b>Amount to be met from Gov't Grants and Local Taxpayers</b>	<b>9,442,712</b>	<b>9,442,712</b>	<b>-</b>
Financed By:			
Council Precept	(3,733,515)	(3,733,515)	-
Collection Fund Surplus	(6,345)	(6,345)	-
Revenue Support Grant	(793,646)	(793,646)	-
Business Rates	(4,729,135)	(4,729,135)	-
LABGI	(180,071)	(180,071)	-
<b>Total</b>	<b>(9,442,712)</b>	<b>(9,442,712)</b>	<b>-</b>

The above table shows the variances between the Council's latest approved budget and the actual position for 2007/08. An analysis of the main variances in the Revenue Budget is shown in the next table.

<b>Details of Major Variances</b>	<b>£000's Overs</b>	<b>£000's Unders</b>
<ul style="list-style-type: none"> <li>• Footway Lighting, previous year's adjustment</li> <li>• Council Tax Benefit - net effect of reduced payments &amp; subsidy</li> <li>• Housing Benefits increase in provision for bad debts</li> <li>• Housing Benefit Payments – reduction in payments</li> <li>• Housing Benefits increase in subsidy</li> <li>• Waste Collection – increase in provision for bad debts</li> <li>• Recycling – reduction in recycling credits</li> <li>• Development Control &amp; Data – reduced planning fee income</li> <li>• Computer Costs – delayed E-Government</li> <li>• Admin Buildings – NNDR RV reduced and backdated</li> <li>• Other Minor Variances</li> </ul>	21 24  24 39 41  19	30  48 67   30 34
<b>Service Over/Underspends</b>	<b>168</b>	<b>209</b>
<ul style="list-style-type: none"> <li>• Increase in expenditure financed from Earmarked Revenue Reserves</li> <li>• Adjustment for Pension interest and return on Pension assets not included in the budget</li> </ul>	133	476
<b>Total Variances</b>	<b>301</b>	<b>685</b>

The above net service underspend of £41,487 has been transferred to the Council's Service Improvement Reserve.

The detailed Income and Expenditure Account is shown on page 22.

### Capital Expenditure

In 2007/08 the Council has continued to invest in new or improved assets to support the delivery of its services. In total £4,027,040 (2006/07 £2,729,829) was spent on schemes and projects for the ultimate benefit of the residents of the district. An analysis of spend by service area is shown below:

<b>2006/2007 £000's</b>	<b>Service</b>	<b>2007/2008 £000's</b>
532	Central Services	417
431	Cultural and Related Services	344
178	Environmental Services	387
1,161	Planning and Development	2,264
238	Highways, Roads and Transportation	63
190	Housing	552
<b>2,730</b>	<b>Total Capital Expenditure</b>	<b>4,027</b>

Expenditure is higher than the previous year mainly due to the undertaking of several large economic development projects.

£409,000 has been spent on computer software and hardware to further develop the Council's electronic service capability, and £2,228,000 has delivered a range of economic development projects. They will promote employment opportunities in the District, including redevelopment of premises in Bedale and workspaces for growing businesses in Stokesley.

Other capital schemes included grants for disabled adaptations to dwellings (£275,000) and grants for community schemes (£86,000).

Further details on the cost of the main schemes contained within the capital programme are shown on page 58.

Like most authorities, the Council has been paying for a proportion of its capital expenditure from the proceeds of the sale of its assets (principally council houses and industrial land). In 2007/08 £2,481,000 (2006/07 £1,884,000) of capital receipts were used in this way. Other funding came from grants and contributions £1,485,000(2006/07 £834,000), and £61,000 from revenue (2006/07 £12,000).

### **Pension Liabilities**

The balance sheet on page 25 shows that there is a liability of £14,234,079 in respect of the Pension Fund. This represents the difference between the estimated assets and liabilities in the Pension Fund in respect of Hambleton employees. It is intended that this position will be rectified over the next 28 years.

### **Euro**

There has been no significant expenditure incurred on Euro preparations during the year. The Council has prepared an outline Euro Strategy, and continues to hold a Euro Bank Account, but to date no transactions have taken place.

### **Further Information**

Further information about the accounts is available from the Resources Department, Civic Centre, Stone Cross, Northallerton. This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts when they are on deposit. The availability of the accounts for inspection is advertised in the local press.

P Morton  
Executive Director

## Statement of Responsibilities for the Statement of Accounts

### 1. The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, the officer is the Executive Director;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### 2. The Executive Director's (Section 151 Officer) Responsibilities

The Executive Director is responsible for the preparation of the authority's Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the SORP).

In preparing this Statement of Accounts, the Executive Director has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority SORP.

The Executive Director has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

**P Morton**  
**Executive Director**

# Annual Governance Statement 2007/2008

## 1. Scope of Responsibility

Hambleton District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Hambleton District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Hambleton District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Hambleton District Council has approved and adopted a code of corporate governance. However this code now needs updating to embrace the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the existing code is on our website at [www.hambleton.gov.uk](http://www.hambleton.gov.uk) or can be obtained from Customer Services on 0845 1211 555 or by email from [customer.services@hambleton.gov.uk](mailto:customer.services@hambleton.gov.uk).

This statement explains how Hambleton District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

## 2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled, and undertakes its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Hambleton District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Hambleton District Council for the year ended 31 March 2008 and up to the date of the approval of the Statement of Accounts.

Identifying & communicating the authority's vision of its purpose and intended outcomes for citizens and service users:

Hambleton District Council refreshed its vision and priorities in the summer of 2003 through its corporate plan (2004 – 2008). This Council's vision was aligned with the Community Plan vision, sub regional, regional and national drivers as well as public opinion to clearly articulate the Council's priorities in response to these diverse needs. The plan was subject to a 'mid term' review in 2006. A comprehensive review has been undertaken during 2007/08 and a new plan is in place for the period 2009 - 2012.

To cascade this, performance requirements are arranged by priority in themed business plans and in turn business unit plans where necessary. The Corporate Plan includes key indicators as those that best measure achievement of the vision and priorities. Indicators in themed business plans and high level indicators are monitored by the Senior Officers Group (Chief Officers & Heads of Service), Performance and Best Value Panels, Overview and Scrutiny Committees and Cabinet on a quarterly basis. Regular feedback to communities is provided in particular through the Council's newspaper – Hambleton News.

The Heads of Service Team are able to use this information to vire money/resources between service areas to provide additional resources where performance is below an acceptable level e.g. money provided for recycling scheme. The Council also uses benchmarking information to compare unit costs; however this information is limited and does not cover all service areas.

The Constitution includes sections defining and documenting the roles & responsibilities of the executive, scrutiny and officer functions with clear delegation arrangements.

The Constitution includes the Code of Member Conduct and a Code for Planning Officer/Member Protocol.

The Audit & Governance Committee considers amendments to the Constitution.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities:

The Audit & Governance Committee's terms of reference were amended, in March 2007, to adopt those suggested by CIPFA. The terms of reference cover a number of areas that include:-

- All aspects of Internal Audit;
- All aspects of External Audit;
- Monitoring the effective development & operation of risk management;
- Overseeing the production of the Annual Governance Statement; and
- Consideration of the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

Hambleton District Council achieves this through a number of mechanisms:-

- The Head of Service - Legal (also acting as the Council's monitoring officer) has access to all draft Cabinet and Council reports and minutes;
- The Legal Section monitors legal developments and notifies relevant Heads of Service;
- A protocol for the Monitoring Officer is in place;
- Senior Officers and Members are aware of the availability of the advice on propriety which is available from the Chief Executive, Executive Director (acting as the Council's Chief Financial Officer), Monitoring Officer and the Internal Audit Section;
- The Monitoring Officer, Legal Section and Internal Audit Section have good working relations and cross-refer matters;
- All Heads of Service have completed an Assurance Statement for the 12 months to 31 March 2008 which has been counter-signed by their Chief Officer; and
- The Chair of the Council, Leader of the Council (as Chair of Cabinet) and the Chairs of the 7 main committees have each completed an Assurance Statement for the 12 months to 31 March 2008.

This gives Members assurance as to the soundness of the system on internal controls that is in place.

Training is offered to members on probity and governance issues. Briefings are given on strategic issues as necessary.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council has a track record of engagement and consultation through the local strategic partnership and its area groups. Also through individual consultations targeted generally or at specific communities of interest. The statement of community involvement which contributed to a sound assessment of the Local development Framework Core Policies is also being adopted as a corporate standard whilst the Council is in the process of developing its community engagement strategy.

Embedding risk management in the activity of the authority, giving leadership to the risk management process, and training or equipping of staff to manage risk in a way appropriate to their authority and duties:

A risk management implementation strategy was approved by Hambleton District Council in November 2001 and this was reviewed in March 2008. In March 2006 the newly formed Audit & Governance Committee assumed responsibility for all aspects of Corporate Risk Management. At its inaugural meeting it nominated its Chairman to act as the Council's Member Champion on risk management and endorsed the suggestion that he become a member of the Risk Management Group. The Risk Management Champion is now a member of Cabinet.

Members of the Cabinet and the Audit & Governance Committee, Risk Management Workstream members, Risk Owners and other selected staff received specialist training in November 2007. A Risk Management Manual was also developed throughout 2007 and has been formerly adopted.

Risk Management is a standard element of all Cabinet reports and Service Plans. A Risk Management Workstream, reporting to Chief Officers Management Team and the Audit & Governance Committee, was set up to implement the strategy and embed risk management within the Council.

The Risk Management Workstream has a diverse departmental spread and includes the Council's Risk Manager.

A Corporate Plan risk register has been created which identifies the risks to the Councils' Corporate Objectives under each priority theme and is reviewed quarterly by the Heads of Service Team and the Audit & Governance Committee.

Responsibility for monitoring Risk Management, at an officer level, is the responsibility of the Internal Audit Partnership and quarterly reviews of all risk registers are undertaken in conjunction with the risk owners.

With the measures mentioned above in place the Council is able to identify, assess and manage the risks to the Council's corporate objectives.

The Council recognises the need to ensure that good governance arrangements and robust controls exist within all partners & other group working. It also recognises the need for comprehensive agreements to be in place for all significant partnerships and that these agreements should clearly identify how the risks of the partnership or working group arrangements will be managed.

### **3. Review of Effectiveness**

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Partnership's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

#### The Cabinet and Council:

There is a hierarchy of decision making at Hambleton District Council. Any new draft policies or strategies are developed within leadership teams and then submitted to Chief Officers Management Team. Once any amendments have been made, the policy/strategy moves on to Cabinet and then on to the full Council. In addition, cross cutting strategies are submitted to the Hambleton Strategic Partnership for joint development with partner agencies.

#### The Audit & Governance Committee

The Audit & Governance Committee has specific responsibility for monitoring the effectiveness of the Council's Code of Corporate Governance.

#### The Standards Committee

The Council has a Standards Committee to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Member and Officer conduct.

#### The Overview and Scrutiny Committees

The Council has three Overview and Scrutiny Committees. Part of their function is to scrutinise Council policies. They do not have a specific role in dealing with Governance.

#### Internal Audit:

Internal Audit is provided through a partnership and acts as an independent review section. The work of internal audit is determined using a risk assessment model from which a 5-year Strategic Plan and a detailed Annual Plan are developed. The Audit & Governance Committee considers and approves both the strategic and annual plans and will receive regular updates of actual performance against the plan and an Annual Internal Audit report at the year end which will contain an opinion or assurance statement from the Audit Partnership on the operation of the overall Governance Framework, incorporating the system of internal control.

A new requirement under the Accounts & Audit regulations 2003 is that every local authority undertakes a review of the effectiveness of its system of internal audit annually. The North Yorkshire Audit Partnership undertook the review for 2007/08, and they concluded that the section provides an effective internal audit service. This was reported to the Audit & Governance Committee in March 2008.

#### Other explicit review/assurance mechanisms:

The Council is subject to external review. The External Auditor is required to review, and where appropriate, report on the Council's corporate governance arrangements as they relate to:

- legality of transactions that might have significant financial consequences;

- financial standing;
- internal financial control, and;
- standards of financial conduct and the prevention and detection of fraud and corruption.

The Chair of the Council, Leader of the Council (As Chair of Cabinet) and the Chairs of the 7 main committees sign a statement giving an assurance as to the conduct of Council/Committee business being both lawful and in a manner prescribed by the Councils' Constitution.

Every Head of Service signs a statement which gives an assurance as to the soundness of the system of internal controls that are in place within their respective areas.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**4. Significant Governance Issues**

The following table sets out areas of concern, with those that are considered significant recorded in bold text. The table identifies the issues together with their associated actions and the current position on them.

We propose over the coming year to take steps to address the matters so identified to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

.....  
**Councillor Arthur Barker**  
 Leader of the Council

.....  
**Peter Simpson**  
 Chief Executive

Date .....

Date .....

Year	Issue Identified	Source of Evidence	Update/Summary of Action Proposed	Current Position
2006/07	<b>The council needs to review &amp; revise its Code of Corporate Governance in the Council's Constitution to be consistent with the CiPFA/SOLACE Framework – <i>Delivering Good Governance in Local Government</i>.</b>	The Council framework does not reflect CiPFA/SOLACE guidance	This will be reviewed in 2008/09.	To be planned into the IA programme of work for 2008/09
2007/08	The Council needs to review and revise its Document Management Policy.	Discussion at HoST meeting.	This is being incorporated into the Access to Services workstream.	
2007/08	The Council needs to maintain the quality and robustness of its contract documentation especially where services are provided, or to be provided through any form of joint working, whether public or private sector.	As joint working extends the council must be able to monitor and manage those arrangements effectively/	To be included with the relevant workstream.	Planned into the IA programme of work for 2008/09
2007/08	<b>The Council needs to ensure that it's 'Partnership' arrangements, which covers any sphere of joint working, whether it is for the sourcing or delivery of services are robust and have competent governance arrangements.</b>	Chief Officers Management Team have considered the Councils partnership arrangements and have asked each leadership board to review 'significant partnerships' against a standard template.	To develop comprehensive procedures for the assessment, validation and governance of 'partnerships'.	Continues into 2008/09, with increased emphasis with the White paper, and the forthcoming CAA.
	<b>The Council's present arrangements for the provision of advice and support to managers on Health &amp; Safety matters should be reviewed.</b>	IA concern at the level of provision, particularly with the increased emphasis on H&S matters, the Corporate Manslaughter Act and increasing risk of legal claims.	To be considered and incorporated into the appropriate workstream.	

Year	Issue Identified	Source of Evidence	Update/Summary of Action Proposed	Current Position
2007/08	The embryonic Moors & Coast Tourism Partnership appears to have some fundamental and significant tensions between the partners and their individual expectations and commitments to the partnership.	IA work at Hambleton and the other M&C Tourism Partnership Councils confirms the need for the underlying structure and governance to be regularised and strengthened as the partnership transforms into its new role as part of the Yorkshire Tourism Network.	To be incorporated into the relevant workstream.	IA (North Yorks Audit Partnership) will be monitoring this risk at all the M&C partner councils as part of their 2008/09 audit work.
2007/08	Enhance the effectiveness of the Audit & Governance Committee.		Include specific training and development for Audit Panel members.  Reporting and agreeing with members the Audit Committee Good Practice Checklist	Report going to June 2008 A & G Committee
2007/08	The Council needs to improve the arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.		Review the frequency of ethical training to members and officers;  Carry out a formal assessment of standards of conduct, including how effectively members comply with the code of conduct, and the number and types of complaints received; and  Regularly publicise the whistleblowing policy to staff/stakeholders	

# Statement of Accounting Policies

## 1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice (SSAPs), and Financial Reporting Standards (FRSs). There have been 4 changes to Accounting Policies, all of which have come from the drive to bring Local Authority Accounting in line with UK Generally Accepted Accounting Practice (UK GAAP):-

### Accounting for Current Value Capital Charges

When an asset is revalued it is held on the Balance Sheet at current rather than historic cost. Revaluation gains are depreciated with an amount equal to the difference between its current and historic cost depreciation being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Financial Instruments

During 2007/08 significant new guidance has been issued covering accounting for financial instruments in local government. The guidance assists authorities in determining what financial assets and financial liabilities are, initial measurement, the balance sheet measurements basis, accounting for gains and losses, de-recognition, and the disclosure requirement in the Statement of Accounts. Further details on Financial Instruments can be found elsewhere in the Statement of Accounting Policies (at Policies 14 and 16).

### Soft Loans

Soft Loans are defined as loans made by the Council either interest free or at a rate of interest below current market rates. For Hambleton this means car loans and micro loans. Micro Loans are loans up to £2,500 given interest free to new businesses to help them to start up. The business must invest an amount equal to the loan in the business and the loans are repaid within 12 months. The scheme is funded by Yorkshire Forward and the Local Strategic Partnership. Further details are shown in the Notes to the Accounts (nos 6, 8 and 15).

### New Capital Reserves

From 1 April 2007 the Capital Financing Account and the Fixed Asset Restatement Account were replaced by the Capital Adjustment Account and the Revaluation Reserve. The balances on the two old accounts were added together to become the opening balance on the Capital Adjustment Account, with the Revaluation Reserve starting with zero. The Revaluation Reserve records the unrealised net gain from revaluations. The balance on this reserve represents the difference between the current value, net book value and the historic cost net book value for all assets. The Capital Adjustment Account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them, the balance on the reserve represents the balance of capital resources set aside to finance capital expenditure awaiting consumption of resources. Like the accounts that they replace, these new accounts are matched by fixed assets and therefore are not cash backed.

## **2. Tangible Assets**

All capital expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis. Generally operational and non-operational assets are recorded in the balance sheet at the lower of net current replacement cost or net realisable value. Value is determined in accordance with a rolling programme of revaluations. Infrastructure and community assets are held at historic cost.

In addition to the 5 year revaluation programme, schemes involving substantial capital works in the current year's Capital Programme are reviewed by the valuer, to check whether the monies spent add an equal amount to the value of the property. If the value added is lower or a property is revalued at less than its current book value an impairment results. This is accounted for by:

- Where attributable to the clear consumption of economic benefits the loss is charged to the relevant service revenue account.
- Otherwise it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

When an asset is disposed of it is revalued to equal the amount of the proceeds on disposal, therefore a revaluation adjustment results rather than a profit or loss on sale. The written-off values if disposals and impairments are not a charge against Council Tax as amounts are appropriated from the Statement of the Movement on the General Fund Balance, to the Capital Adjustment Account.

All deferred charges have been discharged and written off to services through the Income and Expenditure Account. These are payments of a capital nature where no tangible asset is created, but which may properly be financed over a number of years. They include grants paid to housing associations and other grants.

## **3. Intangible Assets**

Not all capital expenditure is incurred on an asset that is tangible. Some expenditure relates to assets from which the Council receives a long term benefit, but where the asset is of an intangible nature. Examples of intangible assets include software licences and training costs associated with a project. It is still proper for this expenditure to be capitalised.

Intangible assets are capitalised at cost and do not require revaluation as they do not have a readily ascertainable market value.

## **4. Capital Receipts**

Under the Local Government and Housing Act 1989 capital receipts from the sale of assets must be split into a "usable" and a "reserved" (or set-aside) part. As the Council has debt-free status, all capital receipts from the disposal of fixed assets are credited to the Usable Capital Receipts Reserve.

## 5. Accruals of Income and Expenditure

Revenue and capital transactions are included in the accounts on an accruals basis. That is, sums due to or from the Council during the year are recorded in the accounts whether or not the cash has actually been received or paid during the year.

## 6. Stocks and Stores

Stocks and stores are valued at latest notified price or cost.

The main basis of valuation is at variance with SSAP9, which requires stocks to be valued at the lower of cost and net realisable value. The Council carries relatively small values of stock and therefore this is not a material variance.

## 7. Cost of Support Services

The majority of the costs of management and administration have been allocated to services. The basis of allocation used for these services are outlined below:

Cost	Main Basis of Allocation
Central Departments (Resources, Chief Executive's Planning and Environmental Services)	Time spent
Administrative Buildings and Depots Computing	Floor area of occupation Actual use

The balance of unallocated costs remaining in the Income and Expenditure Account is as follows:

2006/2007 £		2007/2008 £
543	Computer Costs	15,535
21,758	Office Accommodation	25,997
(15,918)	Depots	25,774
(31,765)	Support Services	34,756
<b>(25,382)</b>	<b>Total Expenditure</b>	<b>102,062</b>

## 8. Provisions

The Council sets aside provisions for any liabilities, as a result of a past event, which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. For the year 2007/08 the Council has no such provisions, other than provisions for doubtful debts.

## 9. Reserves

The Council maintains earmarked revenue reserves to meet future expenditure. Earmarked revenue reserves held in 2007/08 are set out in Note 18 to the Accounts and the net transfers to and from these reserves is disclosed in Note 2 to the Accounts.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes. Four of these reserves are non distributable reserves and are therefore not cash backed, as follows:

- The Revaluation Reserve
- The Financial Instruments Adjustment Account
- The Capital Adjustment Account
- The Pension Reserve

The Usable Capital Receipts Reserve is a reserve established for specific statutory purposes.

The Statement of Movement on Reserves is no longer a requirement of the 2007 SORP and therefore has not been included in the Statement of Accounts

## **10. Retirement Benefits**

The pension liabilities of the Council are accounted for using FRS 17 principles.

The Council's pension scheme provides participants with defined benefits related to pay and service. In line with the accounting policies outlined in the 2007 Statement of Recommended Practice (SORP), the Council has complied with the requirements of Financial Reporting Standard 17 – Accounting for Retirement Benefits and in particular:

- the assets of the scheme are measured at fair value;
- the attributable liabilities of the scheme are measured on an actuarial basis;
- the scheme liabilities are discounted at a rate based upon long dated, AA rated, corporate bonds which reflects the time value of money and the characteristic of the liability;
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the current service cost is based on the most recent actuarial valuation at the beginning of the period;
- the interest cost is based on the discount rate and present value of liabilities at the beginning of the period;
- the expected return on assets is based on long-term expectations at the beginning of the period;
- actuarial gains and losses may arise from a new valuation or updates to the latest valuation;
- past service costs are disclosed on a straight-line basis over the period the increased benefits apply; and
- Gains/Losses arising on settlement or curtailment are measured at the date all parties become irrevocably committed to the transaction.

## **11. Grants**

Specific revenue grants from central government or other bodies are included in the income of the services to which they relate, subject to grant conditions.

Capital grants, which have been received towards the cost of a project, have been applied to reduce the total cost of the project to the Council.

Where such grants relate to depreciating fixed assets, these are credited to a Government Grants Deferred Account (see Note 11 to the Accounts) and released to the Income and Expenditure Account in line with depreciation.

## **12. Leases**

Expenditure on operational leases is charged to the relevant service revenue account. The Council has acquired refuse collection and recycling vehicles under a Hire and Maintenance Agreement. Expenditure in 2007/08 along with undischarged obligations under these leases/Hire and Maintenance Agreements is disclosed in Note 29 to the Accounts.

No assets have been acquired under finance leases.

## **13. Interest**

Interest on any investments is accrued and credited to the Income and Expenditure Account for the period to which it relates.

## **14. Investments**

Investments are shown in the Balance Sheet at the lower of cost or market value. Further details are shown in Note 9 to the Accounts.

## **15. Value Added Tax**

In accordance with SSAP5, Value Added Tax is not included in expenditure or income whether of a capital or revenue nature except where it is irrecoverable.

## **16. Financial Assets**

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables are initially measured at fair value and are carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principle receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available For Sale Assets are initially measured and carried at fair value. Where an asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council. The Council holds no available for sale assets.

## Income and Expenditure Account

2006/2007		2007/2008		
Net Expenditure £		Gross Expenditure £	Income £	Net Expenditure £
	<b>Continuing Operations</b>			
885,113	Central Services to the Public	5,622,708	4,175,402	1,447,306
1,793,287	Cultural and Related Services	4,623,575	2,791,026	1,832,549
3,729,285	Environmental Services	4,790,018	1,281,593	3,508,425
1,494,367	Planning and Development	1,779,520	1,371,111	408,409
484,760	Highways Roads & Transportation	631,256	77,405	553,851
723,938	Housing	11,560,295	10,921,720	638,575
1,632,681	Corporate and Democratic Core	1,896,245	77,279	1,818,966
92,632	Non-Distributed Costs	86,893	-	86,893
<b>10,836,063</b>	<b>Total Continuing Operations</b>	<b>30,990,510</b>	<b>20,695,536</b>	<b>10,294,974</b>
-	<b>Discontinued Operations</b>	-	-	-
-	<b>Exceptional Items</b>	-	-	-
<b>10,836,063</b>	<b>Net Cost Of Services</b>	<b>30,990,510</b>	<b>20,695,536</b>	<b>10,294,974</b>
	<b>Other Operating Expenditure / (Income)</b>			
(434,026)	(Gain)/Loss on Sale of Fixed Assets			-
863,136	Precepts and Levies			954,107
95,614	(Surplus)/Deficit from Trading Activities (Note 1)			8,058
6,718	Interest Payable and Similar Charges			23,971
-	Investment Losses			-
(1,595,983)	Interest and Investment Income			(1,978,281)
244,000	Pension Interest Cost and Expected Return on Pension Assets			133,000
<b>10,015,522</b>	<b>Net Operating Expenditure</b>			<b>9,435,829</b>
	<b>Sources of Finance</b>			
(3,489,227)	Hambleton District Council Precept			(3,733,515)
(2,937)	Demand on the Collection Fund (Surplus)/Deficit			(6,345)
(861,592)	Revenue Support Grant			(793,646)
(162,262)	LABGI			(180,071)
(4,463,383)	Non Domestic Rates Redistribution			(4,729,135)
<b>1,036,121</b>	<b>(Surplus)/Deficit for the Year</b>			<b>(6,883)</b>

## Statement of the Movement on the General Fund Balance

2006/2007 £		2007/2008 £
1,036,121	(Surplus)/Deficit for the Year on the Income and Expenditure Account	(6,883)
(1,036,121)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the Year	6,883
-	<b>Increase in General Fund Balance for the Year generally available for new expenditure</b>	-
(2,000,000)	General Fund Balance at Start of Year	(2,000,000)
<b>(2,000,000)</b>	<b>General Fund Balance at End of Year generally available for new expenditure</b>	<b>(2,000,000)</b>

### Note of Reconciling Items for the Statement of Movement on the General Fund Balance

2006/2007 £		2007/2008 £
	<b>Amounts included in the Income and Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the Year</b>	
(365,709)	Amortisation of Intangible Fixed Assets (Write Downs of Deferred Charges)	(376,910)
(942,117)	Depreciation and Impairment of Fixed Assets	(1,359,540)
346,948	Government Grants Deferred Amortisation (Note 11)	424,540
-	Grants Applied to Capital Expenditure	1,329,748
(344,335)	Write Downs of Deferred Capital Receipts financed from Capital Resources	(337,562)
434,026	Net Gain/(Loss) on Sale of Fixed Assets	-
(1,532,000)	Net Charges made for Retirement Benefits in accordance with FRS 17	(1,704,000)
-	Financial Interest Adjustment Account (Note 15)	1,495
<b>(2,403,187)</b>		<b>(2,022,229)</b>
	<b>Amounts not included in the Income and Expenditure Account but required to be included by Statute when determining the Movement on the General Fund Balance for the Year</b>	
1,121,776	Employers contributions payable to NYCC Pension Fund and Retirement payments payable direct to Pensioners	1,173,042
12,150	Capital Expenditure charged in year to General Fund Balance	60,458
<b>1,133,926</b>		<b>1,233,500</b>
	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the Year</b>	
	<b>Net Transfer to/(from) Earmarked Reserves</b>	
233,140	Earmarked Revenue Reserves (Note 2)	795,612
<b>233,140</b>		<b>795,612</b>
<b>(1,036,121)</b>	<b>Net Additional amount required to be credited to the General Fund Balance for the Year</b>	<b>6,883</b>

## Statement of Total Recognised Gains and Losses

2006/2007 £		2007/2008 £
1,036,121	<b>(Surplus)/Deficit for the Year on the Income and Expenditure Account</b>	(6,883)
(1,180,265)	(Surplus)/Deficit arising on Revaluation of Fixed Assets (Note 4)	(2,896,454)
(2,577,000)	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities (Note 12)	4,065,000
4,074	HDC Share of Collection Fund	7,723
<b>(2,717,070)</b>		<b>1,169,386</b>
(880,620)	Any Other (Gains)/Losses	-
<b>(3,597,690)</b>	<b>Total Recognised (Gains)/Losses for the Year</b>	<b>1,169,386</b>

## The Balance Sheet

31 March 2007 £		31 March 2008 £	£
1,067,940	<b>Fixed Assets</b>	892,320	
	Intangible Fixed Assets (Note 3)		
	Tangible Fixed Assets (Note 4)		
	Operational Assets:		
25,801,849	- Land and Buildings	27,404,142	
2,496,844	- Vehicles, Plant and Equipment	2,309,195	
2,122,007	- Infrastructure Assets	2,086,273	
68,934	- Community Assets	88,117	
	<b>Non-Operational Assets:</b>		
7,610,341	- Investment Properties	8,447,049	
272,779	- Assets Under Construction	2,165,605	
<b>39,440,694</b>	<b>Total Fixed Assets</b>		<b>43,392,701</b>
24,940	Long Term Investments (Note 5)		24,983
116,000	Long Term Debtors (Note 6)		79,440
<b>39,581,634</b>	<b>Total Long Term Assets</b>		<b>43,497,124</b>
	<b>Current Assets</b>		
97,089	Stocks (Note 7)	95,379	
2,469,426	Debtors (Note 8)	3,369,080	
29,953,806	Investments (Note 9)	28,356,899	
259,734	Cash and Bank (Note 22)	-	
			31,821,358
<b>72,361,689</b>	<b>Total Assets</b>		<b>75,318,482</b>
	<b>Current Liabilities</b>		
(6,427,229)	Creditors (Note 10)	(5,448,615)	
-	Cash and Bank (Note 22)	(964,310)	
			(6,412,925)
<b>65,934,460</b>	<b>Total Assets Less Current Liabilities</b>		<b>68,905,557</b>
	<b>Long Term Liabilities</b>		
(3,269,009)	Government Grants Deferred (Note 11)	(2,813,534)	
(9,638,121)	Defined Benefit Pension Scheme (Note 12)	(14,234,079)	
<b>(12,907,130)</b>			<b>(17,047,613)</b>
<b>53,027,330</b>	<b>Total Assets Less Liabilities</b>		<b>51,857,944</b>
	<b>Financed By</b>		
-	Revaluation Reserve (Note 13)		(2,153,579)
-	Financial Instruments Adjustment Account (Note 15)		(1,495)
(36,077,610)	Capital Adjustment Account (Note 14)		(38,300,578)
(11,484,004)	Usable Capital Receipts Reserve (Note 16)		(9,749,541)
(4,897)	Deferred Capital Receipts (Note 17)		-
9,638,121	Pension Reserve (Note 12)		14,234,079
(2,000,000)	General Fund Balance		(2,000,000)
9,800	Collection Fund Balance (Note 8)		17,522
(13,108,740)	Other Reserves (Note 2/18)		(13,904,352)
<b>(53,027,330)</b>	<b>Total Net Worth</b>		<b>(51,857,944)</b>

### Chairman and Executive Director's Certificate

We certify that the accounts set out between pages 22 to 54 inclusive present fairly the true financial position of the authority as at 31 March 2008.

Chairman of Audit &  
Governance Committee

Executive Director

## The Cash Flow Statement

2006/2007 £	Cash Flow	2007/2008 £                      £	
	<b>Revenue Activities</b>		
	<b>Cash Outflows</b>		
10,316,072	Cash Paid to and on Behalf of Employees	10,751,232	
8,058,943	Other Operating Cash Payments	7,400,292	
9,922,664	Housing Benefit Paid Out	10,350,985	
20,554,985	NNDR Payments to National Pool	21,027,062	
40,513,712	Precepts Paid	42,721,554	
33,182	Contributions to Collection Fund Surplus (NYCC/NYPA)	72,209	
			92,323,334
	<b>Cash Inflows</b>		
(40,028,269)	Council Tax Receipts	(42,292,491)	
(22,456,446)	NNDR Receipts	(20,977,775)	
(4,313,618)	NNDR Receipts from National Pool	(4,465,845)	
(861,592)	Revenue Support Grant	(793,646)	
(13,878,031)	DSS Grants for Benefits (Note 20)	(14,323,800)	
(647,764)	Other Government Grants (Note 20)	(824,835)	
(5,427,979)	Cash Received for Goods and Services	(4,336,553)	
(2,711,788)	Other Operating Cash Receipts	(1,137,281)	
			(89,152,226)
<b>(925,929)</b>	<b>Net Cash Flow from Revenue Activities (Note 19)</b>		<b>3,171,108</b>
	<b>Servicing of Finance</b>		
	<b>Cash Outflows</b>		
5,631	Interest Paid		23,971
	<b>Cash Inflows</b>		
(1,594,896)	Interest Received		(1,978,281)
<b>(1,589,265)</b>	<b>Net Cash Flow from Servicing of Finance</b>		<b>(1,954,310)</b>
	<b>Capital Activities</b>		
	<b>Cash Outflows</b>		
1,767,546	Purchase of Fixed Assets	3,171,058	
750,995	Other Capital Payments	829,574	
			4,000,632
	<b>Cash Inflows</b>		
(957,045)	Sale of Fixed Assets	(714,205)	
(283,750)	Government Grants Received (Note 20)	(1,219,923)	
(335,665)	Other Capital Receipts	(462,351)	
			(2,396,479)
<b>942,081</b>	<b>Net Cash Flow from Capital Activities (Note 19)</b>		<b>1,604,153</b>
	<b>Management of Liquid Resources</b>		
(12,365,203)	Net Cash (Inflow)/Outflow		908,093
<b>(12,365,203)</b>	<b>Net Cash Flow from Liquid Resources (Note 21)</b>		<b>908,093</b>
<b>(13,938,316)</b>	<b>Net Cash Outflow/(Inflow) for the Year (Note 22)</b>		<b>3,729,044</b>

## Notes to the Accounts

### GENERAL

#### Changes to Accounting Practice

During the 2007/08 financial year there have been some changes to the way Local Government Accounts are presented. The changes are explained in the Statement of Accounting Policies (No 1 General). There is a strong drive to bring Local Government Accounting Practice in line with UK Generally Accepted Accounting Practice (UK GAAP).

#### Income and Expenditure Account

The purpose of the Income and Expenditure Account is to show a summary of the resources generated and consumed within the year. This Account is split into three sections. The first section provides information on the income and expenditure of the authority's different operations. The second section comprises of income and expenditure relating to the authority as a whole. The third section shows income from local taxation and general government grants in the period, to give the net surplus or deficit for the year.

#### Statement of the Movement on the General Fund Balance

The purpose of the Statement of the Movement on the General Fund Balance is to reconcile how the balance of resources generated/consumed in the year links in with the statutory requirements for raising Council Tax.

The Income and Expenditure Account discloses the income receivable and expenditure incurred by the Council for the year. The surplus or deficit achieved on the Income and Expenditure Account represents the amount by which income is greater than or less than expenditure. Both income and expenditure are measured using essentially the same accounting conventions (i.e. UK GAAP) that a large (but unlisted) company would use in preparing its audited annual financial statements.

However, the items of 'income' and 'expenditure' that are required to be credited or charged to the General Fund and which therefore must be taken into account in determining a local authority's budget requirement and in turn its Council Tax demand is determined by statute and non-statutory proper practices rather than being in accordance with UK GAAP. While the amounts that the Statement of Recommended Practice (SORP) requires to be included in the Income and Expenditure Account and statute and non-statutory proper practices requires to be included in the General Fund are largely the same, there are a number of differences. For example, depreciation of fixed assets is charged to the Income and Expenditure Account but cannot be charged to the General Fund.

The Statement of the Movement on the General Fund Balance shows the amount to be credited or debited to the General Fund in total as a one line entry. Therefore a note is required to this statement to break this entry down into its component parts. This note is known as the **Note of Reconciling Items for the Statement of Movement on the General Fund Balance**.

#### Statement of Total Recognised Gains and Losses

The purpose of the Statement of Total Recognised Gains and Losses is to demonstrate how the movement in the net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.

Not all the gains and losses experienced by a local authority are reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are excluded as they are treated under UK GAAP as arising from asset and liability valuation changes rather than from an entity's operating performance. More detailed explanations relating to specific items within the accounts follow in the notes below.

## NOTES

### 1. Trading Operations

The authority operates two market undertakings at Northallerton and Thirsk. The total turnover, which was largely rents from stallholders, amounted to £211,752 (2006/07 £212,625), and the surplus charged to the General Fund was £78,182 (2006/07 surplus £76,726).

In addition the Council operates a trade waste collection service which had a turnover of £603,920 (2006/07 £475,846) and made a loss of £86,240 (2006/07 loss of £172,340).

2006/2007 £	Trading Activity	2007/2008 £
(76,726)	Markets	(78,182)
172,340	Trade Waste	86,240
<b>95,614</b>	<b>(Surplus) / Deficit</b>	<b>8,058</b>

### 2. Earmarked Revenue Reserves

Other Earmarked Revenue Reserves	Appropriations		Net Movement £
	To £	From £	
Council Taxpayers Reserve	(1,723,876)	1,441,496	(282,380)
One-Off Reserve	(300,000)	609,075	309,075
Community Safety Partnership	-	12,344	12,344
Local Plan Reserve	-	168,164	168,164
Building Control Reserve	-	116,661	116,661
Service Improvement Reserve	(320,314)	998,304	677,990
Hambleton Strategic Partnership Reserve	-	20,000	20,000
Grants Fund	(382,000)	-	(382,000)
Cyclical Reserve	(64,500)	-	(64,500)
New Service Improvement Reserve	(1,195,866)	-	(1,195,866)
Capital Fund	(175,100)	-	(175,100)
<b>Total Movement on Earmarked Reserves</b>	<b>(4,161,656)</b>	<b>3,366,044</b>	<b>(795,612)</b>

## Notes to the Accounts (Cont'd 1)

### 3. Intangible Fixed Assets

2006/2007 £	IT Software and Services	2007/2008 £
2,042,373 (809,844)	Original Cost Amortisations to 31 March	2,243,494 (1,175,554)
1,232,529	Balance at 1 April	1,067,940
201,121 (365,710)	Expenditure in Year Written off to Revenue in Year	209,790 (385,410)
<b>1,067,940</b>	<b>Balance at 31 March</b>	<b>892,320</b>

Intangible Fixed Assets cover IT services and software that are used for most of the Council's services including Housing Benefits, Council Tax, CAD and GIS systems etc. These have been acquired over a number of years and are generally written off over five years.

## Notes to the Accounts (Cont'd 2)

### 4. Movement in Tangible Fixed Assets

	Operational Assets		Non-Op Investment Assets	Non-Op Assets Under Construction	Infrastructure Assets	Community Assets	Total
	Land and Buildings	Vehicles, Plant and Equipment					
	£	£	£	£	£	£	£
Gross Book Value at 1 April 2007	27,489,340	6,244,619	7,610,341	272,779	2,889,461	68,934	44,575,474
Additions	319,808	381,369	498,820	2,054,198	51,160	18,788	3,324,143
Disposals	-	(36,844)	(555,437)	-	-	-	(592,281)
Adjustments	-	-	160,977	(161,372)	-	395	-
Revaluations	1,662,226	-	732,348	-	-	-	2,394,574
<b>Gross Book Value at 31 March 2008</b>	<b>29,471,374</b>	<b>6,589,144</b>	<b>8,447,049</b>	<b>2,165,605</b>	<b>2,940,621</b>	<b>88,117</b>	<b>49,701,910</b>
Depreciation at 1 April 2007	(1,687,491)	(3,747,775)	-	-	(767,454)	-	(6,202,720)
Depreciation for Year	(428,179)	(556,378)	-	-	(86,894)	-	(1,071,451)
Depreciation on Assets Sold	-	36,844	-	-	-	-	36,844
Depreciation written back on Revalued Assets	314,443	-	-	-	-	-	314,443
<b>Depreciation at 31 March 2008</b>	<b>(1,801,227)</b>	<b>(4,267,309)</b>	<b>-</b>	<b>-</b>	<b>(854,348)</b>	<b>-</b>	<b>(6,922,884)</b>
Accumulated Impairment at 1 April 2007	-	-	-	-	-	-	-
Impairment in Year	(266,005)	(12,640)	-	-	-	-	(278,645)
<b>Accumulated Impairment at 31 March 2008</b>	<b>(266,005)</b>	<b>(12,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(278,645)</b>
<b>Net Book Value at 31 March 2008</b>	<b>27,404,142</b>	<b>2,309,195</b>	<b>8,447,049</b>	<b>2,165,605</b>	<b>2,086,273</b>	<b>88,117</b>	<b>42,500,381</b>

## Notes to the Accounts (Cont'd 3)

### Movement in Tangible Fixed Assets (cont'd)

The Council operates a rolling programme of valuations which is designed to spread the burden of valuation in terms of cost and number over a 5 year period. The last full valuation was carried out in March 2003. The valuations in 2007/08 were carried out by an external valuer – G J Tyerman MRICS of Mouchel

The valuation basis for each category of assets is as follows:

- Operational Land and Buildings - Lower of net realisable value in existing use and net current replacement cost.
- Operational Plant and Equipment - Historic cost as a proxy for current cost.
- Non Operational Assets - Lower of net realisable value for an alternative use and net current replacement cost.
- Infrastructure Assets - Historic cost.
- Community Assets - Historic cost.

An analysis of the Council's major fixed assets at 31 March includes:

31 March 2007 Numbers	Assets	31 March 2008 Numbers	Estimated Useful Live Years
3	Offices	3	60
4	Depots	4	11-36
9	Public Conveniences	9	55-60
13	Off Street Car Parks	13	40
1	Community Centres	1	40
4	Sports & Leisure Facilities	4	25-50
5	Industrial Estates	5	N/A
5	Industrial Workshop Buildings	5	N/A
2	Managed Workspace Buildings	2	60
1	Visitor Centre	1	60
4	Tourist Information Centres	4	50-60
23	Vehicles	23	5-8
75,938	Domestic Wheeled Bins	76,032	10

Capital expenditure was financed as follows:

Financed By:-	31 March 2008 £	Expenditure	31 March 2008 £
Capital Receipts	2,481,289	Tangible Fixed Assets	3,324,143
Revenue Contributions	60,458	Intangible Fixed Assets	209,790
Grants	1,485,293	Deferred Charges	493,107
<b>Total</b>	<b>4,027,040</b>		<b>4,027,040</b>

Expenditure on deferred charges was written off to revenue in 2007/08. This included Home Improvement Grants (£300,965 in 2007/08 and £189,881 in 2006/07), Grants to community groups and village halls (£82,513 in 2007/08 and £110,866 in 2006/07), and other schemes (£109,629 in 2007/08 and £302,317 in 2006/07).

## Notes to the Accounts (Cont'd 4)

Further details on the Council's capital expenditure incurred during 2007/08 are shown in the Capital Accounts Summary on page 57.

At the end of 2007/08 the Council had the following capital commitments outstanding.

Contract	Contractor	Contract Value £	Outstanding Commitment £	Expected Completion
Northallerton All Weather Pitch	Blakedown Sports & Play Limited	385,622	31,149	July 2008

### Hire and Maintenance

The Council was committed at 31 March 2008, to make payment under a Hire and Maintenance Agreement in 2007/08 in respect of its main refuse collection fleet – an analysis by expiration date is shown below.

	Vehicles Plant and Equipment £
Hire and Maintenance Agreement expiring in 2008/09	-
Hire and Maintenance Agreement expiring Between 2009/10 and 2012/13	2,313,480
	<b>2,313,480</b>

## 5. Long Term Investments

The investments consist of:

31 March 2007 £	Long Term Investments	31 March 2008 £
20,000 4,940	ADSC Debenture 3 ½ War Loan Stock	20,000 4,983
<b>24,940</b>	<b>Total Long Term Investments</b>	<b>24,983</b>

## Notes to the Accounts (Cont'd 5)

### 6. Long Term Debtors

31 March 2007 £	Long Term Debtors	31 March 2008 £
4,897	Housing Mortgages - Council Houses	-
111,103	Car Loans to Employees	78,112
-	Interest Adjustment re Car Loans	1,328
<b>116,000</b>	<b>Total Long Term Debtors</b>	<b>79,440</b>

### 7. Stocks

The main items of stock relate to:

31 March 2007 £	Stocks	31 March 2008 £
21,272	Central Stocks - Stationery etc.	16,820
24,981	Herriot Visitor Centre	26,069
5,791	TICs	7,598
15,720	Operational Services	15,332
29,325	Leisure Facilities	29,560
<b>97,089</b>	<b>Total Stocks</b>	<b>95,379</b>

### 8. Debtors

The 2007 SORP states that the Collection Fund Balance shown on the Balance Sheet should only be Hambleton District Council's share of the total Collection Fund Balance. The remainder of the balance due to or from other authorities should be included as a debtor or creditor on the Balance Sheet. The table below shows the calculation for Hambleton District Council's share for both years:-

31 March 2007 £	Collection Fund Analysis	31 March 2008 £
	<b>Other Authorities</b>	
89,425	North Yorkshire County Council 73%	159,893
18,375	North Yorkshire Police Authority 15%	32,855
4,900	North Yorkshire Fire & Rescue Auth. 4%	8,761
112,700	<b>Amount included in Debtors (other Local Authorities)</b>	201,509
9,800	Hambleton District Council share 8%	17,522
<b>122,500</b>	<b>Total Collection Fund Balance</b>	<b>219,031</b>

**Notes to the Accounts (Cont'd 6)**

31 March 2007 £	Debtors	31 March 2008 £
	<b>Amounts falling due in one year :-</b>	
365,140	Government Departments	552,655
442,682	Other Local Authorities	527,536
72,334	Other Public Sector Organisations	211,975
150,048	Housing Associations	5,632
1,010,299	Council Taxpayers	1,111,521
349,387	Business Ratepayers	630,167
1,123,089	Sundry Debtors	1,550,389
3,512,979		4,589,875
(1,043,553)	Less Provision For Doubtful Debts	(1,220,962)
-	Add Interest Adjustment re: Micro Loans	167
<b>2,469,426</b>	<b>Net Debtors</b>	<b>3,369,080</b>

## Notes to the Accounts (Cont'd 7)

### 9. Short Term Investments

The investments consist of:

31 March 2007			Investments	31 March 2008		
Specified	Non Specified	Total		Specified	Non Specified	Total
£	£	£		£	£	£
10,862,150	4,786,656	15,648,806	Investec Investment Management	12,490,633	4,066,266	16,556,899
14,305,000	-	14,305,000	Money Market	4,300,000	7,500,000	11,800,000
<b>25,167,150</b>	<b>4,786,656</b>	<b>29,953,806</b>	<b>Total Investments</b>	<b>16,790,633</b>	<b>11,566,266</b>	<b>28,356,899</b>

In total the investments held by the Fund earned £908,093 in interest profits and this was left with the Fund Manager for further investment.

## Notes to the Accounts (Cont'd 8)

### 10. Creditors

31 March 2007 £	Creditors	31 March 2008 £
(271,345)	Other Local Authorities	(443,071)
(83,553)	Other Public Sector Organisations	(162,599)
(197,708)	Government Departments	(455,245)
(13,554)	Water Companies	(14,626)
(114,539)	Housing Associations	(16,471)
(768,334)	Council Taxpayers	(831,549)
(2,046,616)	Business Ratepayers	(1,879,097)
(2,931,580)	Sundry Creditors	(1,645,957)
<b>(6,427,229)</b>	<b>Total Creditors</b>	<b>(5,448,615)</b>

### 11. Government Grants Deferred

Government Grants and other contributions are credited to the continuing operations section of the Income and Expenditure Account. They are released to the service receiving the grant over the useful life of the asset to match the depreciation of the asset to which it relates.

2006/2007 £	Government Grants and Other Contributions Deferred	2007/2008 £
(3,504,383)	Balance Brought Forward at 1 April	(3,269,009)
(686,595)	Grants Received in the Year	(1,298,813)
575,021	Grants Applied to Capital Expenditure transferred to:-	-
-	2006/07 Capital Financing Account	1,329,748
346,948	2007/08 Income and Expenditure Account	424,540
<b>(3,269,009)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(2,813,534)</b>

### 12. Retirement Benefits

The Council offers retirement benefits as part of the overall terms and conditions of employment under a defined benefits scheme. This is a funded scheme, administered by North Yorkshire County Council on behalf of a range of employers and contributions are payable by both employees and employers, calculated at a level designed to balance the pension liabilities with investment assets.

## Notes to the Accounts (Cont'd 9)

The Net Cost of Services includes the cost of retirement benefits as they are earned by employees, rather than the cash contributions paid by employers. However the charge against Council Tax is based upon the cash payable in the year so that the real cost of retirement benefits is reversed out in the Statement of the Movement on the General Fund Balance.

The following table summarises the transactions included in the Income and Expenditure Account:

2006/2007 £	Local Government Pension Scheme	2007/2008 £
1,282,000	Net Cost of Service:	1,196,000
-	- Current Service Costs	375,000
6,000	- Past Service Costs	-
	- Curtailment Costs	
2,079,000	Net Operating Expenditure:	2,272,000
(1,835,000)	- Interest Cost	(2,139,000)
	- Expected Return on Assets	
<b>1,532,000</b>	<b>Net Charge to the Income and Expenditure Account</b>	<b>1,704,000</b>
(1,532,000)	Statement of Movement in the General Fund Balance	(1,704,000)
	- reversal of Net Charges made for Retirement Benefits in accordance with FRS17	
410,224	- Contribution (to) / from Pension Reserve	530,958
<b>(1,121,776)</b>	<b>Actual Amount Charged Against the General Fund Balance for pensions in the year (Employers Contributions payable to the Scheme)</b>	<b>(1,173,042)</b>

The underlying assets and liabilities for retirement benefits attributable to the Council as at 31 March are as follows:

31 March 2007 £	Local Government Pension Scheme	31 March 2008 £
32,637,879	Estimated Assets in Scheme	30,659,921
(42,266,000)	Estimated Liabilities in Scheme	(44,894,000)
<b>(9,628,121)</b>	<b>Net Asset/(Liability)</b>	<b>(14,234,079)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £44,894,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. Statutory arrangements for funding the pension deficit mean that the financial position of the Council remains healthy.

The deficit on the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme actuary. Assets in the LGPS are revalued every three years, the latest valuation being applicable from 31 March 2007.

## Notes to the Accounts (Cont'd 10)

The attributable liabilities of the Scheme have been assessed on an actuarial basis using an estimate of the pensions that will be payable in future years, dependant upon assumptions about mortality rates, salary levels etc. This assessment has been carried out by the Fund Actuaries, Mercers, who are independent of both the District and County Council.

The assumptions used by the actuary are:

	31 March 2007	31 March 2008
◆ Rates of Inflation	3.10%	3.60%
◆ Rate of Increase in Salaries	4.85%	5.35%
◆ Rate of Increase in Pensions	3.10%	3.60%
◆ Discount Rate	5.40%	6.10%

The assets attributable to the Council in the Scheme are £30,659,921 (£32,637,879 2006/07) valued at fair value (principally market value for investments) as at 31 March 2008. The proportion of assets held with expected rates of return is shown below:-

	Long Term Expected Rate of Return %	Proportion of Assets Held			
		31 March 2007 %		31 March 2008 %	
		£000's	%	£000's	%
Equities	7.5	25,132	77.00	22,351	72.90
Gov't Bonds	4.6	2,350	7.20	1,349	4.40
Other Bonds	6.1	4,830	14.80	5,335	17.40
Cash/Liquidity	5.25	326	1.00	429	1.40
Other	7.5	-	-	1,196	3.90
		<b>32,638</b>	<b>100.00</b>	<b>30,660</b>	<b>100.00</b>

The overall position of the Pension Fund in relation to Hambleton District Council is £14,234,079 deficit and current contribution rates have been increased with a view to funding this deficit over the medium term. The position of the Fund will continue to be monitored by the Council and the Fund's Actuary.

Employees retiring can take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take advantage of this change to the pension scheme.

## Notes to the Accounts (Cont'd 11)

The movement in the net pension liability for the year to 31 March 2008 is as follows:-

2006/2007 £	Movement in Net Pension Liability	2007/2008 £
(11,804,897)	Net pensions liability at 1 April	(9,638,121)
(1,282,000)	Movement in the year:	
	Current Service Cost	(1,196,000)
1,121,776	Employers contributions including unfunded retirement benefits	1,173,042
(6,000)	Past Service Costs/Curtailment Costs	(375,000)
1,835,000	Expected Return on Assets	2,139,000
(2,079,000)	Interest on Pension Liabilities	(2,272,000)
2,577,000	Actuarial Gain / (loss)	(4,065,000)
<b>(9,638,121)</b>	<b>Net Pension Liability at 31 March</b>	<b>(14,234,079)</b>

The actuarial gain/(loss) can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31 March. For comparative purposes, figures for the current and previous three accounting periods are shown.

Analysis of Actuarial Gain/(Loss)	2003/2004		2004/2005		2005/2006		2006/2007		2007/2008	
	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities	£	% of Assets / Liabilities
Difference between the expected and actual return on assets	3,344,000	15.3	765,000	3.2	4,640,000	15.2	160,000	0.5	(4,094,000)	13.4
Difference between the actuarial assumptions about liabilities and actuarial experience	-	-	1,072,000	3.0	(949,000)	2.2	-	-	1,882,000	4.2
Changes in the demographic and financial assumptions used to estimate liabilities	-	-	(6,656,000)	18.5	(3,742,000)	8.9	2,417,000	5.7	(1,853,000)	4.1
	3,344,000		(4,819,000)		(51,000)		2,577,000		(4,065,000)	

## Notes to the Accounts (Cont'd 12)

### 13. a) Fixed Asset Restatement Account

The Fixed Asset Restatement Account was established in 1994/95 following the introduction of a new capital accounting system. In 2007/08 it has been replaced by the Revaluation Reserve.

2006/2007 £	Fixed Asset Restatement Account	2007/2008 £
(11,542,227)	Balance Brought Forward at 1 April	-
(1,316,280)	Revaluation of Fixed Assets	-
142,521	Disposal of Fixed Assets	-
136,015	Impairments (expenditure not adding value)	-
<b>(12,579,971)</b>	<b>Balance Carried Forward at 31 March transferred to Capital Adjustment Account</b>	<b>-</b>

In the Balance Sheet the 2006/07 year end balance has been added to the 2006/07 year end balance of the Capital Financing Account and shown as the 2006/07 year end closing balance of the Capital Adjustment Account.

### 13. b) Revaluation Reserve

The Revaluation Reserve records unrealised revaluation gains arising from holding assets, since 1 April 2007. The 2007 SORP required this new reserve to have an opening balance of zero.

2006/2007 £	Revaluation Reserve	2007/2008 £
-	Balance Brought Forward at 1 April	-
-	Revaluation of Fixed Assets	(2,191,742)
-	Disposal of Fixed Assets	38,163
-	<b>Balance Carried Forward at 31 March</b>	<b>(2,153,579)</b>

## Notes to the Accounts (Cont'd 13)

### 14. a) Capital Financing Account

2006/2007 £	Capital Financing Account	2007/2008	
		£	£
(22,540,733)	Balance Brought Forward at 1 April		-
	<b>Capital Financing</b>		
(1,883,929)	- Usable Capital Receipts	-	
(12,150)	- Direct Revenue Financing	-	
(575,021)	- Grants Applied	-	
(2,471,100)			-
710,045	Amortisation of Intangible Assets and Charges to Income and Expenditure Account	-	
(32,933)	Impairment Loss on Fixed Assets	-	
975,050	Provision for Depreciation	-	
(346,948)	Deferred Grant Release	-	
1,305,214			-
	<b>Other</b>		
208,980	In Year Adjustment		-
<b>(23,497,639)</b>	<b>Balance Carried Fwd at 31 March</b>		<b>-</b>

The 2007 SORP replaced the Capital Financing Account with the Capital Adjustment Account.

In the Balance Sheet the 2006/07 year end balance has been added to the year end balance of the Fixed Asset Restatement Account and shown as the 2006/07 year end balance of the Capital Adjustment Account.

## Notes to the Accounts (Cont'd 14)

### 14. b) Capital Adjustment Account

The balance brought forward into the Capital Adjustment Account is the combined balance of the former Fixed Asset Restatement Account (£12,579,971) and Capital Financing Account (£23,497,639). The account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP, and the way they are financed through the capital controls system.

2006/2007 £	Capital Adjustment Account	2007/2008 £                      £	
-	Balance Brought Forward at 1 April		(36,077,610)
	<b>Capital Financing</b>		
-	- Usable Capital Receipts	(2,481,289)	
-	- Direct Revenue Financing	(60,458)	
-	- Grants Applied	(1,329,748)	
			(3,871,495)
-	Amortisation of Intangible Assets and Deferred Charges to Income and Expenditure Account	714,472	
-	Impairment Loss on Fixed Assets	288,089	
-	Provision for Depreciation	1,070,506	
-	Deferred Grant Release	(424,540)	
			1,648,527
-	<b>Balance Carried Fwd at 31 March transferred to Capital Adjustment Account</b>		<b>(38,300,578)</b>

### 15. Financial Instruments Adjustment Account

The new Financial Instruments requirements of SORP 2007 mean that the Council has to account for lost interest on any loans that it gives either interest free or at interest rates below current market rates.

The current rate of interest for car loans is 3.5% and micro loans (given to new businesses) are interest free. The table below shows the interest lost calculated at 4.75%. At 31 March 2008 three micro loans had been granted and the total balance outstanding was £3,224. The balance outstanding on car loans at 31 March 2008 was £78,112, which is shown in Note 6.

31 March 2007 £	Financial Instruments Adjustment Account	31 March 2008 £
-	Interest Adjustment re: Car Loans	(1,328)
-	Interest Adjustment re: Micro Loans	(167)
-	<b>Total Financial Instruments Adjustment Account</b>	<b>(1,495)</b>

## Notes to the Accounts (Cont'd 15)

### 16. Usable Capital Receipts Reserve

2006/2007 £	Usable Capital Receipts Reserve	2007/2008 £
(12,274,805)	Balance Brought Forward at 1 April	(11,484,004)
(1,093,128)	Capital Receipts in Year	(746,826)
1,883,929	Financing of Capital Expenditure	2,481,289
<b>(11,484,004)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(9,749,541)</b>

### 17. Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on sales of Council Houses and are included within Long Term Debtors shown at Note 6 to the Accounts.

2006/2007 £	Deferred Capital Receipts	2007/2008 £
(6,898)	Balance Brought Forward at 1 April	(4,897)
2,001	Amount received in year	4,897
<b>(4,897)</b>	<b>Balance Carried Forward at 31 March</b>	<b>-</b>

### 18. Other Reserves

Other Reserves	1 April 2007 £	Increases in Year £	Decreases in Year £	31 March 2008 £
Council Taxpayers Reserve	(9,761,679)	(1,723,876)	1,441,496	(10,044,059)
One Off Reserve	(309,075)	(300,000)	609,075	-
Community Safety Partnership	(76,440)	-	12,344	(64,096)
Local Plan Reserve	(448,817)	-	168,164	(280,653)
Building Control Reserve	(116,661)	-	116,661	-
Service Improvement Reserve	(677,990)	(320,314)	998,304	-
Hambleton Strategic P'ship	(28,000)	-	20,000	(8,000)
Grants Fund	-	(382,000)	-	(382,000)
Cyclical Reserve	-	(64,500)	-	(64,500)
New Service Improv. Reserve	-	(1,195,866)	-	(1,195,866)
Capital Fund	(1,690,078)	(175,100)	-	(1,865,178)
<b>Total Other Reserves</b>	<b>(13,108,740)</b>	<b>(4,161,656)</b>	<b>3,366,044</b>	<b>(13,904,352)</b>

The purposes of the above reserves are as follows:

## Notes to the Accounts (Cont'd 16)

**Council Taxpayer Reserve** – To support Council Tax levels and revenue spending.

**One Off Reserve** – To finance items of expenditure not included in the base budget which relate to unexpected or policy issues and are of a non recurring nature. This reserve was closed on 31 March 2008, with the final balance of £485,922 being transferred into the Service Improvement Reserve.

**Community Safety Partnership** – To receive surpluses and deficits from the Community Safety Partnership Accounts.

**Local Plan** – To assist in the funding of a continuous programme of Local Plan preparation and review.

**Building Control Charging Account Reserve** – To receive Surpluses and Deficits from the Building Control Account. This reserve was closed on 31 March 2008 with the final balance of £46,377 being transferred into the Service Improvement Reserve.

**Service Improvement Reserve** – To finance improvements to service delivery, including the cost of cyclical events. This reserve was closed on 31 March 2008 due to the establishment of a Cyclical Events Reserve, and the final balance of £952,781 paid into the new Service Improvement Reserve.

**Hambleton Strategic Partnership Reserve** – To receive surpluses and deficits from the Hambleton Strategic Partnership Accounts.

**Capital Fund** – To provide revenue support to assist funding of the Capital Programme.

**Grants Fund** – To fund revenue grants to organisations on an annual basis. This is a new reserve established in 2007/08.

**Cyclical Reserve** – To receive annual contributions from the revenue account to enable the financing of cyclical events. This is a new reserve established in 2007/08.

**Service Improvement Reserve** – To improve or sustain service delivery. This is a new reserve established in 2007/08.

## Notes to the Accounts (Cont'd 17)

### 19. Net Cash Flow – Reconciliations

The Cash Flow statement is an analysis of the Income and Expenditure Account, Collection Fund and Balance Sheet. It seeks to bring together both cash in-flows and out-flows during the year and excludes internal transfers and recharges.

#### Revenue

2006/2007 £	Cash Flow Reconciliation	2007/2008	
		£	£
-	<b>Revenue Activities</b>	-	
50,923	Movement on the General Fund Balance Collection Fund Balance	96,531	96,531
(59,122)	Contributions (to)/from Provisions	(177,409)	
(12,150)	Financing of Capital Expenditure	(60,458)	
1,589,265	Investment Interest	1,954,310	
(233,140)	Transfers (to)/ from Reserves	(795,612)	920,831
16,513	Increase/(Decrease) in Stock	(1,710)	
(580,501)	Increase/(Decrease) in Debtors	1,250,310	
(1,697,717)	(Increase)/Decrease in Creditors	905,146	2,153,746
<b>(925,929)</b>	<b>Net Cash Flow from Revenue Activities</b>		<b>3,171,108</b>

#### Capital

2006/2007 £	Cash Flow Reconciliation	2007/2008	
		£	£
2,729,829	<b>Capital Expenditure</b>	4,027,040	
(193,195)	Gross Capital Expenditure	(23,536)	
(18,093)	(Increase)/Decrease in Creditors	(2,872)	
2,518,541	<b>Total Capital Payments</b>		4,000,632
(1,943,200)	<b>Capital Income</b>	(2,206,811)	
	Gross Capital Income		
317,050	Increase/(Decrease) in Debtors	(201,996)	
49,690	(Increase)/Decrease in Creditors	12,328	
(1,576,460)	<b>Total Capital Receipts</b>		(2,396,479)
<b>942,081</b>	<b>Net Cash Flow from Capital Activities</b>		<b>1,604,153</b>

## Notes to the Accounts (Cont'd 18)

### 20. Government Grants

31 March 2007 £	Government Grants	31 March 2008 £
	<b>Revenue</b>	
(3,422,768)	Council Tax Benefit	(3,550,651)
(10,455,263)	Rent Allowances and Rent Rebates	(10,773,149)
95,000	DWP – Benefit Partnership	-
(38,699)	Bellwin	-
(214,646)	Community Safety	(87,074)
(25,000)	Homelessness	(36,250)
(267,245)	Planning Delivery	(201,350)
(162,262)	LABGI	(180,071)
-	Local Housing Allowance	(82,941)
-	Enabling Strategy	(17,775)
-	Beacon Council	(70,000)
-	Smoke Free Grant	(36,145)
-	LSPA – Efficiency and Waste	(76,663)
(34,912)	Waste Performance	(36,566)
<b>(14,525,795)</b>	<b>Total Revenue Grants</b>	<b>(15,148,635)</b>
	<b>Capital</b>	
(93,252)	Renovation Grants	(121,982)
-	Leisure Grants – Stokesley, Hambleton & Thirsk	(52,091)
(14,950)	Art Projects at Stokesley & Neasham Lane	(14,188)
(19,133)	Implementing Electronic Government	(54,068)
(38,307)	DWP Grant for Benefit Software	-
85,665	ERDF – Stokesley Managed Workspaces	-
(24,901)	Yorkshire Forward N'ton Managed Workspaces	-
(44,904)	Yorkshire Forward – Bedale Station	-
(130,478)	Yorkshire Forward – 17/17A Market Place, Bedale	(184,522)
-	Yorkshire Forward – Stokesley Grow-on Units	(706,408)
-	Yorkshire Forward – Renaissance Market Towns	(10,000)
-	LSPA – Efficiency and Waste	(76,664)
(34,910)	Defra – North Yorkshire Waste Management	-
31,420	Community Safety	-
<b>(283,750)</b>	<b>Total Capital Grants</b>	<b>(1,219,923)</b>

## Notes to the Accounts (Cont'd 19)

### 21. Management of Liquid Resources

	31 March 2007 £	31 March 2008 £	Movement £
Investments	29,953,806	28,356,899	(1,596,907)
Less Internally Managed Funds (treated as a cash equivalent)	(14,305,000)	(11,800,000)	2,505,000
<b>Total Cash and Cash Equivalent</b>	<b>15,648,806</b>	<b>16,556,899</b>	<b>908,093</b>

### 22. Movement in Cash and Cash Equivalents

	31 March 2007 £	31 March 2008 £	Movement £
Cash with Officers	4,765	4,557	(208)
Cash at Bank/Overdrawn (-)	254,969	(968,867)	(1,223,836)
	259,734	(964,310)	(1,224,044)
Short Term Investments	14,305,000	11,800,000	(2,505,000)
<b>Total Cash and Cash Equivalents</b>	<b>14,564,734</b>	<b>10,835,690</b>	<b>(3,729,044)</b>

### 23. Publicity

Section 5, of the Local Government Act 1986, which came in force on 1 April 1988, requires a local authority to keep a separate account of expenditure on publicity. Hambleton has complied with the Act and the Publicity Account is operated as a memorandum account (as jointly recommended by the Chartered Institute of Public Finance and Accountancy and the former Office of the Deputy Prime Minister). Consequently the account does not appear in this Statement of Accounts, but is summarised below:

2006/2007 £	Publicity Memorandum Account	2007/2008 £
26,668	Staff Advertising	35,832
96,222	General Advertising	105,148
<b>122,890</b>	<b>Total Expenditure</b>	<b>140,980</b>

Section 5(2) of the Act provides that ..... "Any person interested may at any time and without payment inspect the account and make copies of it or any part of it".

## Notes to the Accounts (Cont'd 20)

### 24. Building Regulations Charging Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

2006/2007				2007/2008		
Chargeable £	Non Chargeable £	Total Bld Control £		Chargeable £	Non Chargeable £	Total Bld Control £
37,269	-	37,269	<b>Expenditure</b>			
27,618	11,125	38,743	Supplies and Services	56,375	-	56,375
			Capital Charges	21,189	10,181	31,370
			<b>Internal Recharges: *</b>			
323,407	151,839	475,246	Building Control	170,872	101,766	272,638
2,427	6,845	9,272	Support Services	839	3,191	4,030
<b>390,721</b>	<b>169,809</b>	<b>560,530</b>	<b>Total Expenditure</b>	<b>249,275</b>	<b>115,138</b>	<b>364,413</b>
			<b>Less Income</b>			
(384,991)	-	(384,991)	Building Regulation Fees	(178,991)	-	(178,991)
<b>5,730</b>	<b>169,809</b>	<b>175,539</b>	<b>Net (Surplus)/Deficit in Year</b>	<b>70,284</b>	<b>115,138</b>	<b>185,422</b>
			(Surplus)/Deficit Brought Forward at 1 April	(116,661)		
			Sub-total	(46,377)		
			Transfer to Service Improvement Reserve	46,377		
			Balance at 31 March 2008	-		

\* The Building Control service was transferred to the North Yorkshire Building Control Partnership on 1 September 2007.

## Notes to the Accounts (Cont'd 21)

### 25. Related Party Transactions

In the financial year to 31 March 2008 material transactions between the Council and the following related parties took place that are not wholly explained specifically in the Statement of Accounts.

North Yorkshire County Council - a range of receipts and payments relating to Collection Fund, Pension Fund and contractual payments in both directions. The County Council is a separate entity but does have several common members with the District Council.

Thirsk and Sowerby Swimming Baths Charity – operationally this is run by Hambleton District Council for a management fee. The Charity is a separate entity but does have several Council Members who are Trustees of the Charity.

Members of the Council have interests in other related parties such as Parish Councils and other public bodies. None of the relationships involve any material transactions.

However the following Members are involved in other organisations with which the Council has material transactions:-

Councillor	Organisation	Relationship	2007/2008 Payment £	Nature of Payments
A Barker	Yorwaste	Non-Exec Director	79,431	Recycling Payments
D Murkett	Abbeyfield (Thirsk & Sowerby) Soc Ltd	Trustee	9,864	Housing Benefit
J Prest	J Prest Property Management	Director	20,559	Housing Benefit

### 26. S.137 Local Government Act 1972

Under Section 137(3) of the Local Government Act 1972 (amended) the Council is empowered to spend up to £5.30 x the relevant population of the district to finance projects which are in the interests of the district or some of its inhabitants, when not otherwise authorised. For Hambleton District Council the relevant sum is £463,973 (2006/07 £455,524). In 2007/08 the Council had expenditure under this power of £390 (2006/07 £390).

## Notes to the Accounts (Cont'd 22)

### 27. Partnerships

#### North Yorkshire Building Control Partnership

On 1 September 2007 the Building Control service was transferred to the North Yorkshire Building Control Partnership. At the time of joining the other Partnership members were Ryedale and Selby District Councils. Since then Scarborough Borough Council has also joined the Partnership.

#### Concessionary Fares Partnership

The Council provides a Concessionary Fares Bus Pass Scheme in conjunction with the North Yorkshire Concessionary Fares Partnership, under legislation enacted in the Transport Act 2000. Men and women over 60, together with disabled persons (as defined in the Act) are currently entitled to a bus pass which allows them to travel free by bus anywhere within North Yorkshire. From 1 April 2008 they will be able to travel free anywhere in England (on local buses only). The gross expenditure of the Scheme was £241,718 (2006/07 £205,797) of which £220,087 (2006/07 £188,129) related to operator reimbursements.

The expenditure of the scheme includes a share of the administration cost incurred by the Partnership – these totalled £204,861 (2006/07 £142,865), and Hambleton's share was £21,631 (2006/07 £17,668).

#### Community Safety Partnership

The Hambleton Community Safety Partnership has been set up to reduce crime and disorder and promote community safety in Hambleton. Hambleton District Council, as accountable body, is working with the following organisations to achieve the Partnership's aims for 2007/08:

- ◆ North Yorkshire Police
- ◆ North Yorkshire County Council
- ◆ North Yorkshire Police Authority
- ◆ Hambleton & Richmondshire Primary Care Trust
- ◆ North Yorkshire Probation Service
- ◆ Broadacres Housing Association
- ◆ North Yorkshire Fire and Rescue Service
- ◆ North Yorkshire Fire and Rescue Authority

## Notes to the Accounts (Cont'd 23)

- ◆ A Representative of the Business Community
- ◆ A Representative of the Voluntary Sector

The total cost of the Partnership for 2007/08 was £163,033 (2006/07 £224,318) and Hambleton's contribution was £10,000 (2006/07 £10,000).

### 28. Employees Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:-

Total Emoluments	Number of Employees	
	2006/2007	2007/2008
£50,000 - £59,999	0	7
£60,000 - £69,999	0	0
£70,000 - £79,999	2	0
£80,000 - £89,999	0	2
£90,000 - £99,999	1	0
£100,000 - £109,999	0	1
<b>Total</b>	<b>3</b>	<b>10</b>

### 29. Leasing / Hire and Maintenance Agreement

The Council uses a number of vehicles under a Hire and Maintenance Agreement to provide Refuse Collection and Street Cleaning services. These vehicles were provided under an operating lease until July 2007.

Payments under these agreements are accounted for on an accruals basis and therefore the amount paid in the year differs from that shown in the Income and Expenditure Account.

The amount paid under these arrangements totalled £24,359 in 2007/08 (£154,778 2006/07) however the amount charged to revenue was £294,625 (£155,232 2006/07) reflecting the accrual of Hire and Maintenance lease expenditure within the Council's accounts. Details of outstanding commitments under these arrangements are shown in Note 4 to the Accounts.

### 30. Members Allowances

A total of £261,340 was paid in Members Allowances during 2007/08 (£252,991 2006/07).

### 31. Trust Funds

The Council acts as one of several trustees for the Thirsk and Sowerby Swimming Baths Charity, and administers the Charity's funds on its behalf. The Capital value of the fund is £2,313,240 as at 31 March 2008 (£2,304,583 31 March 2007). This Fund does not represent assets of the Council and therefore is not included in the Balance Sheet.

## Notes to the Accounts (Cont'd 24)

### 32. Audit Fees

The Council incurred the following fees relating to external audit and inspection:

2006/2007 £	Audit Fees	2007/2008 £
60,565	Fees payable to the Statutory Auditor with regard to external audit services carried out by the appointed auditor.	66,800
4,355	Fees payable to the Statutory Auditor in respect of statutory inspection.	4,700
21,444	Fees payable to the Statutory Auditor for the certification of grant claims and returns.	17,000
960	Fees payable in respect of other services provided by the Statutory Auditor.	8,092
<b>87,324</b>	<b>Total Audit Fees</b>	<b>96,592</b>

The fees for other services payable relate to Thirsk and Sowerby Swimming Baths Charity (£3,680 in 2007/08 and £960 in 2006/07) and additional work relating to the audit of the 2006/07 Statement of Accounts.

### 33. Authorisation of the Statement of Accounts

The Statement of Accounts 2007/08 were formally tabled before the Audit and Governance Committee for approval on 25 June 2008 and authorised for issue by Phil Morton and Councillor Ron Kirk. The statements being subject to the External Audit process. Events after the Balance Sheet date have been considered up to this time.

## Collection Fund Income and Expenditure Account

2006/2007 £		2007/2008 £	£
39,308,462	<b>Income</b> - Council Tax		41,538,108
3,248,702	Transfers from General Fund - Council Tax benefits		3,336,974
20,701,308	Income Collectable from Business Ratepayers (Note 3)		21,173,384
755,870	Ministry of Defence Payment in Lieu of Council Tax		792,390
<b>64,014,342</b>	<b>Total Income for the Year</b>		<b>66,840,856</b>
31,511,906	<b>Expenditure</b> Precept Payments - North Yorkshire County Council	33,303,254	
6,306,095	- North Yorkshire Police Authority	6,543,891	
3,489,227	- Hambleton District Council	3,733,515	
1,889,726	- North Yorkshire Fire and Rescue Authority	1,977,992	
			45,558,652
20,554,985	Business Rates - Payment to National Pool	21,027,062	
146,322	- Costs of Collection	146,322	
			21,173,384
65,470	Increase in Provision for Bad Debt	79,258	
65,414	Write Offs	47,539	
			126,797
36,119	Transfer to General Fund - Surplus Estimated for Previous Year		78,554
<b>64,065,265</b>	<b>Total Expenditure for the Year</b>		<b>66,937,387</b>
<b>50,923</b>	<b>(Surplus)/Deficit for the Year</b>		<b>96,531</b>
71,577	(Surplus)/Deficit Brought Forward at 1 April		122,500
<b>122,500</b>	<b>(Surplus)/Deficit Carried Forward at 31 March</b>		<b>219,031</b>

## Notes to the Collection Fund Income and Expenditure Account

### 1. General

These accounts represent the transactions of the Collection Fund which is a statutory fund prepared on an accruals basis.

The Collection Fund accounts are consolidated with the other accounts of the Council.

2. The Council Tax is a property based tax with properties allocated to valuation bands from A to H. The tax base for Hambleton was calculated at £35,296.07 for 2007/08 being the total number of properties converted to an equivalent number of band D dwellings. The number in each band shown as band D equivalents was:-

A	B	C	D	E	F	G	H	Total
1,676.16	5,198.77	6,841.08	5,666.22	6,359.45	5,009.79	3,677.08	251.46	34,680.00
Add Contributions in Lieu – MOD (Band D equivalent)								616.07
								<b>35,296.07</b>

The average Council Tax for Hambleton at Band D was £1,290.76, made up as follows:

2006/2007 £	Precepting Authorities	2007/2008 £
76.59	Hambleton District Council	80.38
899.47	North Yorkshire County Council	943.54
180.00	North Yorkshire Police Authority	185.40
23.01	Parish	25.40
53.94	North Yorkshire Fire Authority	56.04
<b>1,233.01</b>	<b>Total Average Band D Council Tax</b>	<b>1,290.76</b>

3. Under the arrangements for uniform business rates, the Council collects non-domestic rates from its area, which are based on local rateable values multiplied by a uniform rate. At 31 March 2008 the non-domestic rateable value was £56,027,987 which when multiplied by a uniform business rate of 44.10p gives a total collectable of £24,708,342.

After taking into account prior year adjustments, transitional adjustments, small property relief, empty property rate and mandatory and discretionary relief this gives a net total collectable during 2007/08 of £21,173,384.

# Independent Auditors Report to Hambleton District Council

## Opinion on the financial statements

We have audited the financial statements of Hambleton District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of Hambleton District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

## *Respective responsibilities of the Responsible Finance Officer and auditor*

The Responsible Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements, present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year;

We review whether the Governance Statement reflects compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with the proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit. We are not required to consider, nor have we considered, whether the Governance Statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### ***Basis of audit opinion***

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### ***Opinion***

In our opinion:

- the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended;

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources.**

#### **Authority's Responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements. Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

#### **Auditors' Responsibilities**

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities and fire and rescue authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority's best value performance plan and issue a report:

- certifying that we have done so;

- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance, and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

### **Conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, Hambleton District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

### **Best Value Performance Plan**

We have issued our statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 30 September 2008. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### **Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Signature:**

**Date:**

Name:

Address: **Deloitte Touché LLP  
1 City Square  
LEEDS  
LS1 2AL**

## Capital Accounts Summary 2007/2008

Committee and Service	Total Expenditure £	Usable Receipts £	Set-aside Receipts £	Revenue Contributions £	Capital Grants & Contributions £
<b>Citizenship &amp; Corporate Resources</b>					
Community & Village Hall Grants	76,513	76,513	-	-	-
Offices and Depots	8,515	8,515	-	-	-
Computer Equipment	408,667	348,209	24,250	36,208	-
<b>Sub-total Citizenship &amp; Corporate Resources</b>	<b>493,695</b>	<b>433,237</b>	<b>24,250</b>	<b>36,208</b>	<b>-</b>
<b>Safety &amp; Health Scrutiny Committee</b>					
Leisure Centres	218,041	36,602	-	-	181,439
All Weather Pitches	48,848	47,422	-	-	1,426
Playing Fields & Open Spaces	49,048	49,048	-	-	-
Cemeteries	18,788	18,788	-	-	-
CCTV	80,526	80,526	-	-	-
Footway Lighting	50,662	50,662	-	-	-
Community Safety	15,743	-	-	-	15,743
<b>Sub-total Safety &amp; Health</b>	<b>481,656</b>	<b>283,048</b>	<b>-</b>	<b>-</b>	<b>198,608</b>
<b>Prosperity, Environment &amp; Economy</b>					
Housing	552,303	439,303	-	-	113,000
Rural Transport Grants	9,300	9,300	-	-	-
Economic Development	2,227,779	1,157,020	-	-	1,070,759
Car Parks	53,737	53,737	-	-	-
Waste Collection & Recycling	172,340	69,414	-	-	102,926
Energy Management Schemes	36,230	36,230	-	-	-
<b>Sub-total Environment &amp; Housing</b>	<b>3,051,689</b>	<b>1,765,004</b>	<b>-</b>	<b>-</b>	<b>1,286,685</b>
<b>GRAND TOTAL</b>	<b>4,027,040</b>	<b>2,481,289</b>	<b>24,250</b>	<b>36,208</b>	<b>1,485,293</b>

## Income and Expenditure Account – Committee Analysis

This statement supplements the Income and Expenditure Account on page 22, and gives an analysis of the Council's expenditure and income by Scrutiny Committee.

Details	2007/2008			2006/2007
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Prosperity, Environment and Housing Committee</b>				
<u>Environment and Housing</u>				
Local Tax Collection	4,534,110	3,849,121	684,989	846,727
Housing Benefits	11,255,252	11,155,348	99,904	207,593
Local Land Charges	136,765	218,937	(82,172)	(143,517)
Pest Control	150,128	80,944	69,184	71,011
Public Conveniences	211,159	16,223	194,936	191,587
Street Cleansing	733,039	8,223	724,816	755,948
Waste Collection	1,450,766	9,777	1,440,989	1,428,801
Recycling	677,738	716,368	(38,630)	(39,964)
Environmental Health Services	857,425	434,626	422,799	425,807
Operational Services	493,365	485,909	7,456	(4,806)
Housing Strategy	115,929	17,775	98,154	99,709
Registered Social Landlords	2,537	-	2,537	1,866
Housing Act Advances	547	97	450	(19,627)
Housing Advice	52,440	-	52,440	50,346
Private Sector Housing Renewal	241,058	-	241,058	222,705
Homelessness	279,687	135,647	144,040	165,508
Housing Services	236,817	236,825	(8)	(2,751)
Building Control	687,909	425,093	262,816	216,067
Development Control & Data Management	1,340,395	1,078,438	261,957	202,687
Planning Policy	872,266	352,182	520,084	640,387
Environmental Grants & Initiatives	88,163	-	88,163	107,669
Design & Maintenance	440,338	435,733	4,605	-
<u>Prosperity</u>				
Public Transport	341,038	22,992	318,046	248,682
Tourism Policy, Marketing and Dev	189,875	26,432	163,443	167,693
Visitor Information	13,030	-	13,030	14,666
Visitor Centres (TICs)	96,044	25,637	70,407	100,570
World of James Herriot	310,742	198,297	112,445	130,409
Off-Street Parking	290,218	54,413	235,805	236,221
Workspace Management	(541,539)	517,521	(1,059,060)	-
Business Grants	16,832	-	16,832	18,891
Support to Business & Enterprise	39,484	5,628	33,856	35,368
Government Initiatives	2,615	-	2,615	1,866
Promotion & Marketing of the Area	12,003	-	12,003	18,834
Economic Development	107,011	107,823	(812)	(45,767)
<b>Sub-total</b>	<b>25,735,186</b>	<b>20,616,009</b>	<b>5,119,177</b>	<b>6,351,186</b>

## Income and Expenditure Account – Committee Analysis (Cont'd)

Details	2007/2008			2006/2007
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Safety &amp; Health Scrutiny Committee</b>				
<u>Safety</u>				
Emergency Planning	42,381	-	42,381	31,057
Health & Safety at Work	186,384	36,145	150,239	150,016
Footway Lighting	181,324	381	180,943	343,362
CCTV	226,210	121,779	104,431	78,596
Community Safety (HDC)	295,158	152,134	143,024	112,267
Community Safety (Partnership)	-	-	-	-
Defences Against Flooding	16,968	542	16,426	14,743
<u>Health</u>				
Museums	15,431	-	15,431	5,043
Hambleton Forum	166,891	81,247	85,644	86,785
Swimming Pools & Leisure Centres	3,284,274	2,429,164	855,110	950,131
Thirsk All Weather Pitch	134,334	23,171	111,163	28,326
Open Spaces	46,629	632	45,997	60,506
Leisure Services	426,451	66,068	360,383	263,712
Facilities Unit	122,858	123,362	(504)	(1,203)
Cemeteries and Closed Churchyards	8,391	1,741	6,650	4,748
Food Safety	218,905	11,089	207,816	216,776
Other Licensing	156,633	192,394	(35,761)	-
<b>Sub-total</b>	<b>5,529,222</b>	<b>3,239,849</b>	<b>2,289,373</b>	<b>2,344,865</b>
<b>Citizenship &amp; Corporate Resources Scrutiny Committee</b>				
<u>Citizenship</u>				
Democratic Representation	1,102,485	49,528	1,052,957	922,954
Corporate Management	793,760	27,751	766,009	711,832
Elections	276,265	100,288	175,977	105,038
Grants & Subscriptions	30,950	-	30,950	32,515
Customer & Information Services	1,183,093	1,189,438	(6,345)	(14,100)
Community Planning – HDC	298,778	28,823	269,955	300,423
Community Planning - Partnership	-	-	-	-

## Income and Expenditure Account – Committee Analysis (Cont'd)

Details	2007/2008			2006/2007
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Management &amp; Support</b>				
Chief Execs - Corporate	-	-	-	(4,411)
Personnel and Payroll	230,481	225,298	5,183	(1,050)
Resources Department	508,406	510,195	(1,789)	(7,166)
Planning and Environmental	-	-	-	(5,038)
Computer Costs	1,081,000	1,065,465	15,535	543
Admin Buildings	391,882	365,885	25,997	21,758
Depots	92,656	66,882	25,774	(15,918)
Unapportionable Central Overheads	501,196	8,077	493,119	92,632
Corporate Management & Support	1,239,287	1,218,571	20,716	-
Legal and Committee Services	301,694	299,010	2,684	-
Performance and Improvement	89,405	79,703	9,702	-
<b>Sub total</b>	<b>8,121,338</b>	<b>5,234,914</b>	<b>2,886,424</b>	<b>2,140,012</b>
<b>Grand Total</b>	<b>39,385,746</b>	<b>29,090,772</b>	<b>10,294,974</b>	<b>10,836,063</b>

### Note:

The net costs of support services have been transferred to the Income and Expenditure Account on page 22, in accordance with the Code of Practice on Local Authority Accounting, as the recharged cost of these services is reflected in the Accounts of the service receiving it.

## **Glossary of Terms**

### **Accruals:**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Capital Charge:**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### **Capital Expenditure:**

Payments made for the purchase or provision of assets of long term value to the Council e.g. land, buildings, plant and machinery.

### **Capital Receipt:**

The money received from the sale of assets

### **Collection Fund:**

A fund administered by the Billing Authority (District Councils) into which is paid Council Tax it collects together with the payment it receives for National Non Domestic (Business) Rates (NNDR) collected from business ratepayers. Precepts are paid from the fund to precepting authorities including the billing authority.

### **Contingency:**

A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

### **Creditors:**

Amounts incurred by the Council but not yet paid.

### **Debtors:**

Amounts due to the Council but not yet received.

### **Defined Benefit Scheme:**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### **Deferred Capital Receipts:**

Amounts due to the Council from the sale of fixed assets which are not receivable immediately on sale e.g. repayments on mortgages granted on the sale of Council houses.

### **Deferred Charges:**

Capital expenditure for which the Council either never had, or no longer holds a capital asset.

### **Direct Revenue Financing:**

A method of financing capital expenditure from revenue resources in the year of account instead of spreading the cost over a period of years.

**Expected Rate of Return on Pension Assets:**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**General Fund:**

The main account of the council which records the cost of services.

**Government Grants:**

Payments by central government towards the cost of local authority services either specifically, such as house improvements grants, or generally, in the form of Revenue Support Grant.

**Intangible Assets:**

Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, e.g. software licences.

**Investments (Non Pensions Fund):**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

**Investments (Pension Fund):**

The investments of the Pension Fund will be accounted for in the statements of that Fund. However, authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**Local Authority Business Growth Incentive (LABGI) Scheme:**

In 2005 the Government introduced this scheme whereby local authorities could share in any excess business rate income above a pre-determined growth rate.

**Operational Assets:**

Fixed assets held and occupied used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Precepting Authorities:**

Local authorities that cannot levy Council Tax and Non-Domestic Rates directly on the public but have the power to precept. Billing authorities (District Councils) subsequently pass on the requirements of precepting authorities (County Councils and Parish Councils) in the total Council Tax levy. The Non-Domestic Rate levy is set by Central Government.

**Prudence:**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

**Retirement Benefits:**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employer's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

**Revenue Expenditure:**

Recurring expenditure on day to day expenses such as salaries, wages, electricity and telephones.

**Revenue Support Grant:**

Paid by central government to assist in the provision of local government services.

**Scheme Liabilities:**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Set-aside Capital Receipts:**

The money received from the sale of assets which is required to be set aside to redeem debt or defray future borrowing.

**Support Service Costs:**

The cost of certain departments that provide professional and administrative services to the Council e.g. legal and accountancy.